Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
	)	
Access Charge Reform	)	CC Docket No. 96-262

COMMENTS

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COMMENTS

BellSouth Corporation, on behalf of itself and its subsidiaries ("BellSouth"), hereby submits its comments on the *Further Notice of Proposed Rulemaking* ("*FNPRM*") regarding the implementation of a new federal universal service fund.[1]

I. INTRODUCTION AND SUMMARY

1. An essential component of the Telecommunications Act of 1996 (the "Act") is the mandate that the Commission create an explicit, federal fund to support and preserve universal service. The Act's mandate represents a significant, but necessary, departure from the historical approach of supporting universal service through implicit subsidies embedded in rates for a variety of telecommunications services. Under the competitive environment fostered by the Act, universal service support in the form of implicit subsidies cannot survive.

2. The Act challenged the Commission, together with the Federal-State Joint Board, to craft a new approach to universal service support that would assure affordable telephone service at reasonably comparable rates across the nation. While the principles and objectives that define the new, federal universal service are clear, defining and implementing mechanisms

[1] *In the Matter of Federal-State Joint Board on Universal Service,* CC Docket No. 96-45, *Further Notice of Proposed Rulemaking*, FCC 99-119, released May 28, 1999.

that advance the purposes of the Act have been and continue to be a formidable task. The transformation of universal service support from implicit subsidy to explicit subsidy has been difficult. There was no pattern to follow or recipe for success.

3. In the uncertain circumstances in which the new universal service mechanism continues to unfold, the Commission has relied on the Federal-State Joint Board to assist it in crafting an approach that contributes to the achievement of the statute's goals. As a result, the new mechanism, set forth in the Commission's most recent order, [2] reflects a substantial modification from the original concept adopted two years ago.[3] The *Seventh Report and Order* is in response to the Joint Board's *Second Recommended Decision.*[4] The *Second Recommended Decision* brought focus to the universal service inquiry. It differentiated between the implicit support contained in interstate access charges from the additional explicit support that states should be afforded through a new, federal universal service fund that is necessary to ensure reasonably comparable intrastate rates. The Joint Board's *Second Recommended Decision* limited itself with the latter component of universal service support as does the mechanism created by the Commission's *Seventh Report and Order.*[5] Accordingly, the new mechanism represents a positive step towards fulfilling part of the Commission's statutory obligations

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[2] *In the Matter of Federal-State Joint Board on Universal Service,* CC Docket No. 96-45, *Seventh Report and Order and Thirteenth Order On Reconsideration,* FCC 99-119, released May 28, 1999 ("*Seventh Report and Order*").

[3] *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, *Report and Order*, 12 FCC Rcd 8776 (1997), *appeal pending sub nom. Texas Office of Public Utilities Counsel v. FCC*, No. 97-60421 (5th Cir. argued Dec. 1, 1998).

[4] *In the Matter of Federal-State Joint Board on Universal Service,* CC Docket No. 96-45, *Second Recommended Decision*, 13 FCC Rcd 24744 (1998) ("*Second Recommended Decision*").

[5] The implicit support embedded in access charges is a matter that the Commission continues to have under advisement and which is being addressed attendant with access charge reform.

regarding universal service. Although work remains to be done in identifying and removing implicit support contained in interstate access charges, the framework for the new federal mechanism is decided and the Commission is close to finalizing its plan as it relates to creating a federal fund to assure nationwide affordable universal service at reasonably comparable rates.

4. It is important to move forward and gain experience under a new federal mechanism. Experience will be the true test of the adequacy of the support mechanism and its components. The proposed mechanism includes a hold-harmless provision that is intended to function as a transition measure while the Commission and the states gain further experience under the new federal mechanism. The Commission stated its intention to revisit the transition mechanism within the next three years to determine whether it is still necessary.[6] Such determination will require a review of the federal universal service fund mechanism as a whole in order to assure that the fund mechanism is operating as intended and achieving the Commission's goals.

5. Sound public policy demands such a review. Although the framework of the new federal fund has been laid out, the details remain to be decided. Absent these details, neither the Commission nor any party can predict with certainty that the new fund will operate as intended. Therefore, it is both appropriate and necessary to evaluate the fund and its component parts within a reasonable period after it has been in operation to determine if it functions as expected and achieves the objectives of the Commission and the Joint Board. The three-year deadline for reviewing the hold-harmless measure will serve well for reviewing the fund in its entirety.

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6 *FNPRM* ¶ 14.

II. IMPLEMENTATION ISSUES

A. The Benchmark

6. BellSouth supported the Joint Board's recommendation that the Commission employ a cost benchmark in order to determine whether a particular area had costs that were significantly above the national average. While the Commission adopted the Joint Board's recommendation regarding the use of a cost benchmark,[7] it seeks further comment on the appropriate level within which the national benchmark should fall.

7. The current high cost mechanism for large carriers provides support to carriers whose loop costs are greater than 115 percent of the national average. The Joint Board, in its *Second Recommended Decision*, suggested the Commission consider using a range between 115 percent and 150 percent of the national weighted average cost per line.[8] In the absence of final cost model parameters, inputs and results, it is difficult to target precisely the appropriate national benchmark.

8. There are two considerations that appear to bear heavily on the benchmark for the initial federal fund. The first consideration is the Commission's expectation that the size of the new federal fund will not be significantly different from the size of the existing high cost fund. Irrespective of whether constraining the size of the new federal fund at the outset is an appropriate initial step, such constraint operates to limit the selection of the benchmark. Setting a benchmark that is at the low end of the range suggested by the Joint Board, for example, would likely increase the size of the fund beyond that which exists today. The second consideration is

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7 *Seventh Report and Order* ¶ 61.

8 *Second Recommended Decision*, 13 FCC Rcd at 24761, ¶ 43.

the hold-harmless measure of the new fund. Even if the benchmark is initially established at a level that is too high, the hold-harmless measure acts to compensate for the miscue.

9. Taking into account these two considerations, the only other guidance comes from the preliminary outputs of the model platform that have been developed in the process of testing the model and evaluating data inputs. The Joint Board's proposal, adopted by the Commission, to utilize a two-step process to determine the amount, if any, of additional federal high cost support a state should receive for the purposes of maintaining rate comparability is unnecessary if the Commission elects to use study area costs. Instead of trying to determine a state's ability to fund universal service as a means of limiting the size of the federal fund, the Commission would need only to adjust the cost benchmark. By increasing the benchmark, the state implicitly would become responsible for a greater portion of support for universal service.

10. If the support is disaggregated to at least the unbundled network element ("UNE") level, then there might be a need to specify additional criteria to differentiate between states. While the simplest approach would be to dispense with the additional criteria, BellSouth recognizes that the Commission may not want universal service funds dispersed to states that have numerous low cost areas and very few high cost areas. To the extent the Commission is concerned with the size of the federal fund calculated at a disaggregated level, then the benchmark could be adjusted upward to reduce the size of the fund. In Exhibit 1 attached hereto, BellSouth has calculated illustrative fund sizes based on different levels of aggregation and different benchmark levels. As this Exhibit shows, varying the benchmark level is an

administratively efficient means available to the Commission to adjust the fund size regardless of the level of aggregation.[9]

B. Level Of Disaggregation

11. Another outstanding issue relates to the level of disaggregation at which costs for universal service should be calculated and compared to the benchmark for the purposes of determining support. The Commission seeks comments on whether the federal support mechanism should calculate support levels by comparing costs at (1) the wire center level; (2) the UNE cost zone level; or (3) the study area level.[10]

12. While the objective of the universal service fund is to maintain affordable local service at rates that are reasonably comparable in all regions, the Commission also seeks to bring competition to local telephone markets.[11] To assure that both objectives are achieved, it is essential that costs be disaggregated below the study area level. At a minimum, the UNE cost zone should be employed. If universal service support mechanism does not disaggregate costs at least to the UNE cost zone level, then the inconsistency between the Commission's interconnection rules and universal service rules creates the opportunity for uneconomic arbitrage.

13. The Commission has correctly observed that calculating support levels using disaggregated costs has two benefits.[12] It ensures that adequate support is provided to areas, and hence subscribers, that need support. Also, deaveraged support, which is portable among all

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9 Alternatively, the Commission could fix the benchmark but vary the percentage of the cost above the benchmark that will be supported by the federal fund.

10 *FNPRM* ¶102.

11 *Id.* ¶ 103.

12 *Id.*

eligible telecommunications, could encourage efficient competitive entry in high cost areas, rather than just in low cost or urban areas. In contrast, if support were calculated at an aggregate study area level, such support would be insufficient in high cost areas within the study area and excessive in the low cost parts of the study area. Such a result distorts the competitive marketplace, discouraging entry in high cost areas and providing new entrants with non-economic incentives and advantages in providing service only in low cost areas.

14. Accordingly, the Commission should reject calculating support at the study area level. From BellSouth's perspective, both UNE zone and wire center levels of disaggregation would achieve the benefits the Commission expects from using a disaggregated cost level. The cost model should be capable of accommodating UNE zones.[13] While state commissions are responsible for developing UNE zones, as the Commission has recognized the states will develop boundaries based on local conditions including cost.[14] It would be surprising, then, if such boundaries do not correspond to groups of wire centers.

15. The Commission expresses concern that calculating support at a disaggregate level, *i.e.*, below the study area, could result in a significant increase in the total universal service support amounts. To counteract such a possibility the Commission reviews a variety of alternatives that calculates total support at the study area level but then uses the costs at a disaggregate level to distribute study area support to wire centers or UNE zones. It is inappropriate to use the level of cost aggregation as a mechanism to limit the size of the federal

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[13] Should UNE zones be used to calculate support, the Commission must recognize that the fund size will increase as states implement UNE zones. Further, the Commission should make clear that a state's ability to receive universal service fund support is not dependent on implementing UNE zones by January 1, 2000.

[14] *Id.* ¶104.

universal service fund. The two primary factors that should be considered by the Commission in determining the level of disaggregation are: (1) that the model provides support to high-cost areas within a study area; and (2) that the support mechanism is competitively neutral and does not afford uneconomic arbitrage opportunities.

16. The appropriate level of disaggregation is unrelated to the size of the universal service fund. Indeed, the Commission's preliminary determination that the amount of the fund should not exceed current support levels is a political and policy determination, not a cost consideration. To the extent the Commission acts to limit the size of the fund, it should rely on mechanisms other than the level of disaggregation for such purpose. For example, altering the benchmark level is a far simpler and more efficient means by which to size the federal universal service fund. Certainly, neither the Commission nor the industry would care to be in the position of changing the level or method of disaggregation each time the fund size was to be adjusted--particularly, when early experience under the new universal service fund mechanism may indicate that adjustments are warranted.

C. Distribution And Application Of Support

17. To the extent that states currently receive high-cost support, intrastate rates already reflect the impact of federal universal service support. The new federal fund will replace the existing mechanism but not the existing support. The hold-harmless measure incorporated into the new mechanism assures that states will not receive less support than is currently received under the existing high-cost mechanism. Accordingly, it is only the universal service support that exceeds the hold-harmless amount that constitutes new support for universal service and could be used to offset intrastate rates.

18. The Commission should not direct the manner in which the states incorporate universal service fund support into intrastate ratemaking. There is no single approach that states have used to maintain reasonable affordable universal service. Accordingly, there is no single approach that could be mandated for states to reflect the receipt new universal service support.

19. It should be sufficient that states that have carriers receiving funds from the federal universal service fund (in excess of hold-harmless funds) acknowledge that they will require carriers to adjust intrastate rates that contain implicit subsidies. States should also acknowledge that to the extent federal universal service support decreases, they would permit carriers to adjust intrastate rates to compensate for the loss of support.[15] While in the long-run federal universal service support should be stable and predictable, in the near term, there may be some volatility in the size of the federal fund and to whom the new federal fund is distributed. Thus, states must be prepared to see intrastate rates increase and decrease accordingly.[16]

D. Hold-Harmless

20. The Commission seeks comment on whether hold-harmless amounts should be implemented on a state-by-state basis or on a carrier-by-carrier basis. BellSouth believes that the purpose of the hold-harmless mechanism can be best achieved through implementation on a carrier-by-carrier basis (by state). The existing universal service fund amounts, which the hold-harmless mechanism is intended to emulate, were determined on a carrier-by-carrier basis. Further, carriers that have received high cost support have adjusted their specific rates to reflect

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[15] States, of course, would remain free to create or adjust explicit intrastate universal service funds as a means of compensating for reductions in federal universal service support.

[16] The Commission is following a conservative implementation strategy that should minimize the possibility of a seesaw federal universal service fund.

such support. Accordingly, it would be inappropriate to shift the hold-harmless support to an area different than the one served by the carrier that had been receiving high cost support.

21. The Commission expresses concern with a carrier-by-carrier approach because it believes that such an approach could increase the size of the new federal fund as compared to the size that a state-by-state approach might yield. This concern, however, is overshadowed by the purpose of the hold-harmless mechanism. Recognizing the uncertainty regarding the new forward-looking federal fund approach, the hold-harmless mechanism prevents serious and abrupt dislocations that might otherwise occur. To achieve this objective, the Commission must consider the means by which existing universal service support has been determined and reflected in intrastate rates. Existing universal service support is provided on a carrier basis and reflected in the recipient carrier's rates. If that approach is abandoned with the implementation of the hold-harmless mechanism, then the potential disruption that the Commission seeks to avoid can still occur. A carrier that loses existing federal support but is still required to provide the same services will have to adjust the rates that the high cost fund had been supporting.

22. The hold-harmless mechanism is intended only to be a transition mechanism. It should not be used to constrain the overall size of the new federal universal service fund. To do so dilutes its primary purpose and increases the prospect that implementation of a new fund will bring with it volatility.

23. The hold-harmless amount should be portable to any eligible telecommunications carrier serving the customer in a supported area. The hold-harmless amount should also remain certain during the transition period so that any eligible carrier will know the amount of support available in a given area.

E. Adjusting Interstate Access Charges To Account For Explicit Support

24. In the *FNPRM*, the Commission recognizes that there are many sources of implicit support contained in access charges.[17] The universal service provisions of the Act require that the Commission make explicit the existing implicit support contained in interstate access charges.[18] In the *FNPRM*, the Commission is considering how interstate access charges should be reduced once it identifies and makes explicit the existing implicit support.

25. BellSouth agrees with the Commission that interstate access rates should be reduced to reflect any additional explicit support the Commission creates as a replacement for existing implicit support. The amount of any such reduction for price cap carriers would be in the form of an exogenous change that is equal in value to the amount of explicit support received. As BellSouth has previously presented to the Commission in this proceeding, the recovery of non-traffic sensitive loop costs from carriers in the form of carrier common line ("CCL") charges and presubscribed interexchange carrier charges ("PICCs") constitute implicit support that the Commission should make explicit.

26. Accordingly, for price cap carriers, the interstate access charges would be reduced by first reducing the price-cap index ("PCI") for common line basket through an exogenous change. The reduction in the PCI would be reflected in reduced CCL charges and PICCs. The

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17 *FNPRM* ¶ 124.

18 Making existing implicit support explicit is a statutory goal that is separate and distinct from ensuring reasonably comparable intrastate rates. *See e.g., FNPRM* ¶ 41. The forward-looking cost methodology and hold-harmless mechanism are for the purpose of ensuring reasonably comparable intrastate rates.

Commission is correct in its view that reductions of the primary subscriber line charge would be counterproductive and leave implicit support in interstate access charges unaffected.[19]

27. An essential corollary to removing implicit support is to permit deaveraging of subscriber line charges. As the Commission has recognized, rate structure conventions such as study area wide average prices can be a form of implicit support between low-cost and high-cost serving areas within a study area. The Commission should move immediately to implement zone pricing for subscriber line charges. The deaveraging of subscriber line charges could parallel deaveraged UNE rate relationships.[20]

28. BellSouth's approach for deaveraging subscriber line charges also serves to direct more support to high cost areas.[21] Common line costs most directly affect universal service in that they represent the costs of an end user connecting to the public switched network. From a cost-causative perspective, there can be little debate that the end user should be responsible for these costs. Nonetheless, the Commission's access charge rules have insulated the end user from bearing this cost responsibility. Under BellSouth's proposed methodology, the amount an end user should be charged for the connection is determined and differentiated between high and low cost areas through the use of zones. The Commission, exercising its policy-making responsibilities, determines the maximum charge for end users through the cap on subscriber line charges. To the extent that the subscriber line charge cap is less than the full cost per line on a deaveraged basis, the difference is an amount that must be supported and such support should be

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19 *FNPRM* ¶ 133.

20 In comments filed in response to the *FNPRM*, USTA outlines a methodology for deaveraging subscriber line charges. BellSouth supports the approach suggested by USTA.

21 *See FNPRM* ¶ 135.

explicit. By calculating deaveraged subscriber line charges that would recover the full cost per line, such deaveraging will result in explicit support being targeted to high cost areas.

III. CONCLUSION

29. In creating a new explicit federal universal service support mechanism, the Commission should not be exclusively concerned with limiting the size of the fund. Constraining the fund to levels equivalent to the existing high cost fund does not necessarily equate to the Commission fulfilling its statutory responsibility to maintain affordable and reasonably comparable intrastate rates. The Commission should implement the new federal mechanism in a way that the fund's components and elements collectively make sense. The Commission can always fine-tune the mechanism in the future.

30. The Commission must continue its efforts to remove implicit subsidies that are contained in interstate access charges. BellSouth has provided a methodology that could be used

to modify the recovery of common line costs, the primary source of implicit subsidy. BellSouth urges the Commission to conclude expeditiously its access charge reform considerations so that interstate access charges of incumbent LECs no longer have to bear the burden of universal service support.

Respectfully submitted,

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Dated: July 23, 1999

CERTIFICATE OF SERVICE

I do hereby certify that I have this 23rd day of July 1998 served the following parties to this action with a copy of the foregoing COMMENTS by hand delivery or by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties listed on the attached service list.

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*** VIA HAND DELIVERY**

Exhibit 1

Calculation of Universal Service Support Based on Various Methodologies

BellSouth has taken the cost model results provided by the FCC and calculated how much universal service support would be provided to each study area based on various benchmarks and levels of disaggregation. The following calculations were done:

Table 1: Summary of results which illustrate fund size variations based on selection of the cost benchmark.

Table 2: Support was calculated for each study area based on study area average costs compared to a nationwide benchmark. Calculations are shown based on benchmarks of 125%, 150% and 175%. If the support calculated was less than the current support, then the support for that study area was raised to the current level of support (i.e.-the 'Hold Harmless' concept was incorporated).

Table 3: Support was calculated for each study area based on wire center costs compared to a nationwide benchmark. As was expected, calculating the fund size at the wire center level results in a larger fund size than calculating the fund size at the study area level, if the benchmarks are held the same. This problem can be largely countered by simply raising the benchmark. Calculations are shown based on benchmarks of 200%, 225%, and 250% of the nationwide average cost. The 'Hold Harmless' concept was again factored into the calculations.

Table 4: Support was calculated for each study area based on wire center costs compared to a nationwide benchmark. However, only 25% of the cost above the benchmark is funded by the federal fund[1]. Calculations were done based on benchmarks of 200%, 225%, and 250%, and the 'Hold Harmless' concept was incorporated into the calculations.

Conclusions:

- Concerns regarding the size of the fund can be addressed by simply raising the benchmark and/or only providing a percentage of the support above the benchmark. Such an approach is much preferable to using study area wide average calculations to limit the fund size.

- The use of unbundled element zones would result in a lower fund size than results from the use of wire centers (if the benchmark were held constant). BellSouth did not have the data to calculate exactly how large the fund would be based on unbundled element zones.

[1] There is nothing special about the use of 25%. Any percentage could be used to fine-tune the fund size.

Table 1

SUMMARY OF THE EFFECT OF VARIOUS BENCHMARKS ON THE SIZE OF THE FEDERAL USF

Methodology*	Study Area Fund	Wire Center Fund
100% support above Benchmark		
125% Benchmark	$1,869.7M	
150% Benchmark	$ 964.0M	
175% Benchmark	$ 490.4M	
200% Benchmark		$2,060.4M
225% Benchmark		$1,635.0M
250% Benchmark		$1,310.3M
25%** Support above Benchmark		
200% Benchmark		$ 535.8M
225% Benchmark		$ 433.9M
250% Benchmark		$ 356.2M

* The "hold-harmless" concept is included in these calculations.
**25% was used as an example. Any % could be used to fine-tune the fund size.

Table 2 - Support by Study Area based on Study Area Average Costs

State	Study Area	All Switched Lines	Current Support	Avg Monthly Cost per Line	100% Support Above 125% of Benchmark		100% Support Above 150% of Benchmark		100% Support Above 175% of Benchmark	
					Annual $	Support including Hold Harmless	Annual $	Support incl. Hold Harmless	Annual $	Support incl. Hold Harmless
AL	Contel Of The South Dba GTE South	118,851	4,359,444	57.20	45,671,361	45,671,361	38,489,768	38,489,768	31,308,175	31,308,175
AL	GTE And Contel Of Alabama	155,511	7,099,392	43.07	33,390,404	33,390,404	23,993,624	23,993,624	14,596,844	14,596,844
AL	South Central Bell-Al	1,801,778	-	28.86	79,627,954	79,627,954	-	-	-	-
AR	Southwestern Bell-Arkansas	898,814	3,984,924	26.95	19,121,458	19,121,458	-	3,984,924	-	3,984,924
AZ	Mountain Bell-Arizona	2,389,011	2,417,928	17.94	-	2,417,928	-	2,417,928	-	2,417,928
CA	Contel Of California - California	321,289	154,140	35.05	38,064,425	38,064,425	18,650,479	18,650,479	-	154,140
CA	GTE Of California	3,806,227	-	15.89	-	-	-	-	-	-
CA	Pacific Bell	16,006,055	-	15.60	-	-	-	-	-	-
CA	Roseville Telephone Company	102,593	6,196,488	17.46	-	6,196,488	-	6,196,488	-	6,196,488
CO	Mountain Bell-Colorado	2,384,889	2,505,660	20.40	-	2,505,660	-	2,505,660	-	2,505,660
CT	Southern New England Tel	2,099,704	-	18.97	-	-	-	-	-	-
DC	C And P Telephone Company Of DC	923,018	-	11.65	-	-	-	-	-	-
DE	Diamond State Tel Co	500,823	-	18.96	-	-	-	-	-	-
FL	GTE Floridainc	2,090,129	-	17.04	-	-	-	-	-	-
FL	Southern Bell-Fl	5,761,947	-	17.12	-	-	-	-	-	-
FL	Sprint-FL	1,812,228	-	21.82	-	-	-	-	-	-
GA	Southern Bell-Ga	3,598,169	2,980,956	21.36	-	2,980,956	-	2,980,956	-	2,980,956
HI	GTE Hawaiian Telephone Co Inc	613,082	-	16.23	-	-	-	-	-	-
IA	Northwestern Bell-Ia	1,055,858	-	21.04	-	-	-	-	-	-
ID	Mountain Bell-Idaho	472,339	-	25.25	412,871	412,871	-	-	-	-
IL	Contel Of Illinois Inc Dba GTE - Illinois	180,217	-	48.86	51,216,608	51,216,608	40,326,963	40,326,963	29,437,318	29,437,318
IL	GTE Of Illinois	625,893	-	35.10	74,527,645	74,527,645	36,707,947	36,707,947	-	-
IL	Illinois Bell Tel Co	6,264,639	-	15.67	-	-	-	-	-	-
IN	Contel Of Indiana Inc Dba GTE - Indiana	164,194	-	45.79	40,614,059	40,614,059	30,692,607	30,692,607	20,771,155	20,771,155
IN	GTE Of Indiana	689,074	-	26.69	12,509,517	12,509,517	-	-	-	-
IN	Indiana Bell Tel Co	1,871,463	-	20.53	-	-	-	-	-	-
KS	Southwestern Bell-Kansas	1,239,765	-	22.86	-	-	-	-	-	-
KY	Cincinnati Bell-Ky	181,349	-	24.33	-	-	-	-	-	-
KY	GTE South Inc - Kentucky	416,296	664,404	31.33	30,736,840	30,736,840	5,582,079	5,582,079	-	664,404
KY	South Central Bell-Ky	1,122,188	867,252	29.45	57,539,178	57,539,178	-	867,252	-	867,252
LA	South Central Bell-La	2,130,620	-	24.11	-	-	-	-	-	-
MA	New England Tel-Ma	4,109,503	-	16.23	-	-	-	-	-	-
MD	C And P Tel Co Of Md	3,332,491	-	17.88	-	-	-	-	-	-
ME	New England Tel-Maine	629,415	-	29.40	31,895,038	31,895,038	-	-	-	-
MI	GTE North Inc-Mi	658,734	772,320	37.62	98,358,273	98,358,273	58,554,153	58,554,153	18,750,032	18,750,032
MI	Michigan Bell Tel Co	4,932,029	-	19.10	-	-	-	-	-	-
MN	Contel Of Minnesota Inc Dba GTE Minnesota	116,134	-	64.41	54,675,202	54,675,202	47,657,784	47,657,784	40,640,366	40,640,366
MN	Northwestern Bell-Minnesota	2,103,813	-	20.53	-	-	-	-	-	-
MO	Contel Missouri Dba GTE Missouri	234,135	2,503,020	55.15	84,212,295	84,212,295	70,064,645	70,064,645	55,916,996	55,916,996
MO	GTE North Inc - Missouri	119,610	6,465,756	38.50	19,122,541	19,122,541	11,895,085	11,895,085	4,667,629	6,465,756
MO	Southwestern Bell-Missouri	2,368,354	-	21.38	-	-	-	-	-	-
MS	South Central Bell-Mississippi	1,224,211	7,339,776	38.34	193,369,145	193,369,145	119,395,975	119,395,975	45,422,804	45,422,804
MT	Mountain Bell-Montana	336,539	1,762,620	29.95	19,274,968	19,274,968	-	1,762,620	-	1,762,620
NC	Carolina Tel And Tel Co	1,045,627	-	33.03	98,533,718	98,533,718	35,351,518	35,351,518	-	-
NC	Central Tel Co-Nc	245,861	-	31.99	20,100,144	20,100,144	5,243,949	5,243,949	-	-
NC	Contel Of North Carolina Dba GTE No Carolina	126,022	4,430,112	42.89	26,786,493	26,786,493	19,171,591	19,171,591	11,556,688	11,556,688
NC	GTE South Inc - North Carolina	188,843	40,596	20.16	-	40,596	-	40,596	-	40,596
NC	North State Tel Co-Nc	111,211	2,469,732	20.35	-	2,469,732	-	2,469,732	-	2,469,732

Table 2 - Support by Study Area based on Study Area Average Costs

State	Study Area	All Switched Lines	Current Support	Avg Monthly Cost per Line	100% Support Above 125% of Benchmark		100% Support Above 150% of Benchmark		100% Support Above 175% of Benchmark	
					Annual $	Support including Hold Harmless	Annual $	Support incl. Hold Harmless	Annual $	Support incl. Hold Harmless
NC	Southern Bell-Nc	2,166,681	1,786,068	21.47	-	1,786,068	-	1,786,068	-	1,786,068
ND	Northwestern Bell-North Dakota	243,342	-	24.37	-	-	-	-	-	-
NE	Aliant	259,554	-	31.25	18,914,764	18,914,764	3,231,167	3,231,167	-	-
NE	Northwestern Bell-Nebraska	518,839	-	25.19	79,952	79,952	-	-	-	-
NH	New England Tel-Nh	708,389	-	23.61	-	-	-	-	-	-
NJ	New Jersey Bell	5,623,659	-	14.99	-	-	-	-	-	-
NM	Mountain Bell-New Mexico	742,394	4,603,776	23.55	-	4,603,776	-	4,603,776	-	4,603,776
NV	Central Telephone Company - Nevada	730,274	-	14.31	-	-	-	-	-	-
NV	Nevada Bell	308,886	-	23.74	-	-	-	-	-	-
NY	New York Tel	10,765,482	-	16.03	-	-	-	-	-	-
NY	Rochester Telephone Corp	527,349	-	18.74	-	-	-	-	-	-
OH	Cincinnati Bell-Ohio	747,459	-	17.23	-	-	-	-	-	-
OH	GTE North Inc-Oh	817,983	-	36.17	107,903,490	107,903,490	58,476,720	58,476,720	9,049,950	9,049,950
OH	Ohio Bell Tel Co	3,776,240	-	17.58	-	-	-	-	-	-
OH	United Tel Co Of Ohio	554,151	-	31.90	44,705,632	44,705,632	11,220,958	11,220,958	-	-
OK	GTE Southwest Inc - Oklahoma	107,886	-	34.16	11,629,474	11,629,474	5,110,443	5,110,443	-	-
OK	Southwestern Bell-Oklahoma	1,519,540	-	24.69	-	-	-	-	-	-
OR	GTE Of The Northwest	430,850	-	23.55	-	-	-	-	-	-
OR	Pacific Northwest Bell-Oregon	1,258,768	17,076	19.87	-	17,076	-	17,076	-	17,076
PA	Bell Of Pennsylvania	5,842,150	-	17.61	-	-	-	-	-	-
PA	GTE North Inc-Pa And Contel	502,560	-	26.42	7,495,229	7,495,229	-	-	-	-
RI	New England Tel-Ri	624,292	-	17.22	-	-	-	-	-	-
SC	GTE South Inc - South Carolina	175,291	-	28.96	7,957,177	7,957,177	-	-	-	-
SC	Southern Bell-Sc	1,335,219	5,578,296	24.66	-	5,578,296	-	5,578,296	-	5,578,296
SD	Northwestern Bell-South Dakota	262,654	-	27.30	6,690,874	6,690,874	-	-	-	-
TN	South Central Bell-Tn	2,470,701	-	24.96	-	-	-	-	-	-
TN	United Inter-Mountain Tel Co-Tn	232,393	-	26.58	3,912,127	3,912,127	-	-	-	-
TX	Central Telephone Company Of Texas	185,248	5,150,976	30.64	12,143,766	12,143,766	950,122	5,150,976	-	5,150,976
TX	Contel Of Texas Inc Dba GTE Texas	223,812	495,768	63.37	102,576,195	102,576,195	89,052,315	89,052,315	75,528,434	75,528,434
TX	GTE Southwest Inc - Texas	1,506,518	-	27.08	34,399,980	34,399,980	-	-	-	-
TX	Southwestern Bell-Texas	8,528,179	-	19.07	-	-	-	-	-	-
UT	Mountain Bell-Utah	981,536	-	18.55	-	-	-	-	-	-
VA	C And P Tel Co Of Va	3,174,231	-	19.17	-	-	-	-	-	-
VA	Central Tel Co Of Va	263,787	1,263,000	41.96	53,125,145	53,125,145	37,185,768	37,185,768	21,246,391	21,246,391
VA	Contel Of Virginia Inc Dba GTE Virginia	483,713	-	32.58	42,970,208	42,970,208	13,741,763	13,741,763	-	-
VA	United Inter-Mountain Tel Co-Va	100,166	-	44.90	23,706,698	23,706,698	17,654,149	17,654,149	11,601,601	11,601,601
VT	New England Tel-Vt	313,359	1,454,568	31.47	23,663,022	23,663,022	4,728,248	4,728,248	-	1,454,568
WA	GTE Northwest Inc - Washington	677,548	-	21.91	-	-	-	-	-	-
WA	Pacific Northwest Bell-Washington	2,250,796	-	18.33	-	-	-	-	-	-
WI	GTE North Inc-Wi	456,649	-	44.26	104,569,926	104,569,926	76,976,828	76,976,828	49,383,730	49,383,730
WI	Wisconsin Bell	2,005,228	-	18.75	-	-	-	-	-	-
WV	C And P Tel Co Of W Va	773,859	1,673,112	34.03	82,210,213	82,210,213	35,449,644	35,449,644	-	1,673,112
WY	Mountain Bell-Wyoming	225,950	4,445,856	33.55	22,702,123	22,702,123	9,049,053	9,049,053	-	4,445,856
	Average/Total	149,084,110	83,483,016	20.14	1,841,116,132	1,869,712,708	924,605,344	964,017,570	439,878,112	490,430,667

Table 3 - Support by Study Area Based on Wire Center Cost Calculations

State	Study Area	All Switched Lines	Current Support	Avg Monthly Cost per Line	100% Support Above 200% of Benchmark		100% Support Above 225% of Benchmark		100% Support Above 250% of Benchmark	
					Annual $	Support incl. Hold Harmless	Annual $	Support incl. Hold Harmless	Annual $	Support incl. Hold Harmless
AL	Contel Of The South Dba Gte South	118,851	4,359,444	$ 57.34	27,794,561	27,794,561	23,205,114	23,205,114	19,506,920	19,506,920
AL	Gte And Contel Of Alabama	155,511	7,099,392	$ 42.95	18,904,178	18,904,178	15,964,121	15,964,121	13,363,114	13,363,114
AL	South Central Bell-Al	1,801,778	-	$ 28.69	46,640,998	46,640,998	32,249,837	32,249,837	22,848,300	22,848,300
AR	Southwestern Bell-Arkansas	898,814	3,984,924	$ 26.69	27,481,680	27,481,680	23,102,701	23,102,701	20,107,600	20,107,600
AZ	Mountain Bell-Arizona	2,389,011	2,417,928	$ 17.94	17,796,525	17,796,525	14,521,222	14,521,222	12,106,008	12,106,008
CA	Contel Of California-California	321,289	154,140	$ 35.13	32,588,630	32,588,630	29,590,277	29,590,277	27,076,627	27,076,627
CA	Gte Of California	3,806,227	-	$ 15.90	8,569,500	8,569,500	7,489,331	7,489,331	6,468,945	6,468,945
CA	Pacific Bell	16,006,055	-	$ 15.53	43,447,787	43,447,787	35,796,657	35,796,657	30,293,481	30,293,481
CA	Roseville Telephone Company	102,593	6,196,488	$ 17.52	-	6,196,488	-	6,196,488	-	6,196,488
CO	Mountain Bell-Colorado	2,384,889	2,505,660	$ 20.26	25,218,893	25,218,893	20,610,199	20,610,199	17,243,910	17,243,910
CT	Southern New England Tel	2,099,704	-	$ 19.03	1,864,688	1,864,688	1,012,960	1,012,960	474,617	474,617
DC	C And P Telephone Company Of Wa Dc	923,018	-	$ 11.80	-	-	-	-	-	-
DE	Diamond State Tel Co	500,823	-	$ 18.91	1,016,426	1,016,426	592,599	592,599	451,012	451,012
FL	Gte Floridainc	2,090,129	-	$ 17.06	2,260,730	2,260,730	1,754,716	1,754,716	1,354,784	1,354,784
FL	Southern Bell-Fl	5,761,947	-	$ 17.15	11,720,609	11,720,609	7,984,364	7,984,364	5,310,975	5,310,975
FL	Sprint-FL	1,812,228	-	$ 21.86	3,779,683	3,779,683	2,167,933	2,167,933	1,576,500	1,576,500
GA	Southern Bell-Ga	3,598,169	2,980,956	$ 21.09	29,237,141	29,237,141	19,709,157	19,709,157	13,802,889	13,802,889
HI	Gte Hawaiian Telephone Co Inc	613,082	-	$ 16.34	3,729,441	3,729,441	2,994,590	2,994,590	2,381,447	2,381,447
IA	Northwestern Bell-Ia	1,055,858	-	$ 20.75	10,175,725	10,175,725	7,911,265	7,911,265	6,079,757	6,079,757
ID	Mountain Bell-Idaho	472,339	-	$ 24.98	14,348,858	14,348,858	11,875,374	11,875,374	10,256,038	10,256,038
IL	Contel Of Illinois Inc Dba Gte - Illinois	180,217	-	$ 49.03	33,881,400	33,881,400	28,922,909	28,922,909	24,687,314	24,687,314
IL	Gte Of Illinois	625,893	-	$ 34.93	44,580,751	44,580,751	36,884,930	36,884,930	30,249,075	30,249,075
IL	Illinois Bell Tel Co	6,264,639	-	$ 15.64	11,284,077	11,284,077	9,154,435	9,154,435	7,400,003	7,400,003
IN	Contel Of Indiana Inc Dba Gte - Indiana	164,194	-	$ 45.50	19,637,596	19,637,596	15,343,856	15,343,856	12,076,190	12,076,190
IN	Gte Of Indiana	689,074	-	$ 26.65	21,440,242	21,440,242	17,054,426	17,054,426	13,406,073	13,406,073
IN	Indiana Bell Tel Co	1,871,463	-	$ 20.37	16,983,158	16,983,158	12,945,089	12,945,089	9,903,961	9,903,961
KS	Southwestern Bell-Kansas	1,239,765	-	$ 22.56	23,020,737	23,020,737	18,381,871	18,381,871	14,811,524	14,811,524
KY	Cincinnati Bell-Ky	181,349	-	$ 24.11	3,439,462	3,439,462	2,474,705	2,474,705	1,509,949	1,509,949
KY	Gte South Inc - Kentucky	416,296	664,404	$ 31.12	22,287,170	22,287,170	16,529,762	16,529,762	12,190,985	12,190,985
KY	South Central Bell-Ky	1,122,188	867,252	$ 29.25	48,291,648	48,291,648	35,729,863	35,729,863	25,490,649	25,490,649
LA	South Central Bell-La	2,130,620	-	$ 24.09	54,023,907	54,023,907	42,584,504	42,584,504	33,497,916	33,497,916
MA	New England Tel-Ma	4,109,503	-	$ 16.21	4,710,312	4,710,312	3,608,250	3,608,250	2,764,022	2,764,022
MD	C And P Tel Co Of Md	3,332,491	-	$ 17.87	10,153,603	10,153,603	6,864,356	6,864,356	4,625,725	4,625,725
ME	New England Tel-Maine	629,415	-	$ 29.54	24,726,199	24,726,199	18,724,633	18,724,633	14,654,055	14,654,055
MI	Gte North Inc-Mi	658,734	772,320	$ 37.63	43,800,153	43,800,153	31,420,542	31,420,542	21,899,045	21,899,045
MI	Michigan Bell Tel Co	4,932,029	-	$ 18.96	28,183,376	28,183,376	20,341,644	20,341,644	15,556,243	15,556,243
MN	Contel Of Minnesota Inc Dba Gte Minnesota	116,134	-	$ 64.64	38,441,805	38,441,805	34,158,142	34,158,142	30,328,086	30,328,086
MN	Northwestern Bell-Minnesota	2,103,813	-	$ 20.22	31,414,325	31,414,325	26,106,354	26,106,354	21,833,880	21,833,880
MO	Contel Missouri Dba Gte Missouri	234,135	2,503,020	$ 55.00	58,890,578	58,890,578	51,199,342	51,199,342	44,811,224	44,811,224
MO	Gte North Inc - Missouri	119,610	6,465,756	$ 38.49	14,198,591	14,198,591	12,064,848	12,064,848	10,020,397	10,020,397
MO	Southwestern Bell-Missouri	2,368,354	-	$ 21.17	38,121,728	38,121,728	31,202,093	31,202,093	25,402,109	25,402,109
MS	South Central Bell-Mississippi	1,224,211	7,339,776	$ 38.02	110,133,856	110,133,856	88,070,139	88,070,139	68,565,901	68,565,901
MT	Mountain Bell-Montana	336,539	1,762,620	$ 29.69	20,560,586	20,560,586	17,994,513	17,994,513	15,866,465	15,866,465
NC	Carolina Tel And Tel Co	1,045,627	-	$ 32.92	39,309,570	39,309,570	27,218,526	27,218,526	18,016,762	18,016,762
NC	Central Tel Co-Nc	245,861	-	$ 31.96	7,607,516	7,607,516	5,451,451	5,451,451	3,909,459	3,909,459
NC	Contel Of North Carolina Dba Gte No Carolina	126,022	4,430,112	$ 42.17	10,692,282	10,692,282	7,708,036	7,708,036	5,656,065	5,656,065

Table 3 - Support by Study Area Based on Wire Center Cost Calculations

State	Study Area	All Switched Lines	Current Support	Avg Monthly Cost per Line	100% Support Above 200% of Benchmark		100% Support Above 225% of Benchmark		100% Support Above 250% of Benchmark	
					Annual $	Support incl. Hold Harmless	Annual $	Support incl. Hold Harmless	Annual $	Support incl. Hold Harmless
NC	Gte South Inc - North Carolina	188,843	40,596	$ 19.64	1,299,236	1,299,236	633,841	633,841	129,875	129,875
NC	North State Tel Co-Nc	111,211	2,469,732	$ 20.27	-	2,469,732	-	2,469,732	-	2,469,732
NC	Southern Bell-Nc	2,166,681	1,786,068	$ 21.29	11,509,094	11,509,094	7,193,375	7,193,375	4,569,136	4,569,136
ND	Northwestern Bell-North Dakota	243,342	-	$ 23.30	8,851,044	8,851,044	7,761,453	7,761,453	6,777,372	6,777,372
NE	Aliant	259,554	-	$ 31.49	24,816,466	24,816,466	22,213,134	22,213,134	19,795,237	19,795,237
NE	Northwestern Bell-Nebraska	518,839	-	$ 24.53	15,753,515	15,753,515	13,529,023	13,529,023	11,876,691	11,876,691
NH	New England Tel-Nh	708,389	-	$ 23.51	11,900,958	11,900,958	8,439,428	8,439,428	5,962,695	5,962,695
NJ	New Jersey Bell	5,623,659	-	$ 15.04	266,256	266,256	27,752	27,752	-	-
NM	Mountain Bell-New Mexico	742,394	4,603,776	$ 23.31	13,265,646	13,265,646	10,698,508	10,698,508	9,453,592	9,453,592
NV	Central Telephone Company - Nevada	730,274	-	$ 14.35	2,447,960	2,447,960	2,365,282	2,365,282	2,282,604	2,282,604
NV	Nevada Bell	308,886	-	$ 23.86	20,313,659	20,313,659	18,806,622	18,806,622	17,510,848	17,510,848
NY	New York Tel	10,765,482	-	$ 16.00	49,345,549	49,345,549	36,962,686	36,962,686	27,576,913	27,576,913
NY	Rochester Telephone Corp	527,349	-	$ 18.82	2,553,333	2,553,333	1,614,052	1,614,052	772,513	772,513
OH	Cincinnati Bell-Ohio	747,459	-	$ 17.28	496,667	496,667	340,397	340,397	282,017	282,017
OH	Gte North Inc-Oh	817,983	-	$ 36.16	50,822,116	50,822,116	38,056,137	38,056,137	28,115,282	28,115,282
OH	Ohio Bell Tel Co	3,776,240	-	$ 17.52	15,057,817	15,057,817	11,799,446	11,799,446	9,223,698	9,223,698
OH	United Tel Co Of Ohio	554,151	-	$ 31.73	22,257,521	22,257,521	16,102,101	16,102,101	11,143,047	11,143,047
OK	Gte Southwest Inc - Oklahoma	107,886	-	$ 34.23	8,401,738	8,401,738	6,762,832	6,762,832	5,513,273	5,513,273
OK	Southwestern Bell-Oklahoma	1,519,540	-	$ 24.42	37,896,882	37,896,882	30,969,667	30,969,667	25,745,248	25,745,248
OR	Gte Of The Northwest	430,850	-	$ 23.48	10,305,294	10,305,294	8,151,485	8,151,485	6,418,970	6,418,970
OR	Pacific Northwest Bell-Oregon	1,258,768	17,076	$ 19.64	9,360,210	9,360,210	6,982,939	6,982,939	5,401,549	5,401,549
PA	Bell Of Pennsylvania	5,842,150	-	$ 17.59	22,110,820	22,110,820	16,316,900	16,316,900	12,131,205	12,131,205
PA	Gte North Inc-Pa And Contel	502,560	-	$ 26.23	9,679,038	9,679,038	6,744,790	6,744,790	4,390,723	4,390,723
RI	New England Tel-Ri	624,292	-	$ 17.18	76,563	76,563	50,388	50,388	24,213	24,213
SC	Gte South Inc - South Carolina	175,291	-	$ 28.81	6,246,481	6,246,481	4,482,198	4,482,198	3,019,845	3,019,845
SC	Southern Bell-Sc	1,335,219	5,578,296	$ 24.55	10,962,135	10,962,135	6,614,407	6,614,407	4,096,940	5,578,296
SD	Northwestern Bell-South Dakota	262,654	-	$ 26.50	11,415,119	11,415,119	10,234,091	10,234,091	9,273,908	9,273,908
TN	South Central Bell-Tn	2,470,701	-	$ 24.74	41,344,076	41,344,076	29,384,572	29,384,572	20,856,538	20,856,538
TN	United Inter-Mountain Tel Co-Tn	232,393	-	$ 26.46	3,015,453	3,015,453	1,811,887	1,811,887	973,073	973,073
TX	Central Telephone Company Of Texas	185,248	5,150,976	$ 30.46	14,935,536	14,935,536	13,367,143	13,367,143	12,091,189	12,091,189
TX	Contel Of Texas Inc Dba Gte Texas	223,812	495,768	$ 63.49	73,283,585	73,283,585	64,876,187	64,876,187	57,613,507	57,613,507
TX	Gte Southwest Inc - Texas	1,506,518	-	$ 26.55	70,403,390	70,403,390	60,670,767	60,670,767	52,397,562	52,397,562
TX	Southwestern Bell-Texas	8,528,179	-	$ 18.96	68,340,061	68,340,061	50,713,739	50,713,739	39,954,112	39,954,112
UT	Mountain Bell-Utah	981,536	-	$ 18.50	7,565,880	7,565,880	6,447,093	6,447,093	5,632,555	5,632,555
VA	C And P Tel Co Of Va	3,174,231	-	$ 19.13	45,687,284	45,687,284	35,792,536	35,792,536	27,614,100	27,614,100
VA	Central Tel Co Of Va	263,787	1,263,000	$ 42.02	32,318,616	32,318,616	26,904,121	26,904,121	22,099,121	22,099,121
VA	Contel Of Virginia Inc Dba Gte Virginia	483,713	-	$ 32.46	36,208,649	36,208,649	29,147,855	29,147,855	23,443,067	23,443,067
VA	United Inter-Mountain Tel Co-Va	100,166	-	$ 44.95	12,926,679	12,926,679	10,413,750	10,413,750	8,297,773	8,297,773
VT	New England Tel-Vt	313,359	1,454,568	$ 31.19	18,447,264	18,447,264	14,813,179	14,813,179	11,450,076	11,450,076
WA	Gte Northwest Inc - Washington	677,548	-	$ 21.78	13,043,067	13,043,067	11,208,915	11,208,915	9,721,915	9,721,915
WA	Pacific Northwest Bell-Washington	2,250,796	-	$ 18.29	13,098,246	13,098,246	9,465,533	9,465,533	7,188,836	7,188,836
WI	Gte North Inc-Wi	456,649	0	$ 44.21	52,765,375	52,765,375	40,430,100	40,430,100	30,400,916	30,400,916
WI	Wisconsin Bell	2,005,228	-	$ 18.73	4,140,018	4,140,018	2,890,075	2,890,075	2,108,776	2,108,776
WV	C And P Tel Co Of W Va	773,859	1,673,112	$ 33.92	48,877,234	48,877,234	37,355,129	37,355,129	27,946,281	27,946,281
WY	Mountain Bell-Wyoming	225,950	4,445,856	$ 33.28	11,576,670	11,576,670	10,082,089	10,082,089	8,990,783	8,990,783
	Average/Total	149,084,110	83,483,016	20.06	2,051,778,883	2,060,445,103	1,626,299,244	1,634,965,464	1,300,103,574	1,310,251,150

Table 4 - Support by Study Area based on Wirecenter Level Calculations and 25% Factor

State	Study Area	All Switched Lines	Current Support	Avg Monthly Cost per Line	25% Support Above 200% of Benchmark		25% Support Above 225% of Benchmark		25% Support Above 250% of Benchmark	
					Annual $ at 100%	Support incl. Hold Harmless	Annual $ at 100%	Support incl. Hold Harmless	Annual $ at 100%	Support incl. Hold Harmless
AL	Contel Of The South Dba Gte South	118,851	4,359,444	$ 57.34	27,794,561	6,948,640	23,205,114	5,801,279	19,506,920	4,876,730
AL	Gte And Contel Of Alabama	155,511	7,099,392	$ 42.95	18,904,178	7,099,392	15,964,121	7,099,392	13,363,114	7,099,392
AL	South Central Bell-Al	1,801,778	-	$ 28.69	46,640,998	11,660,249	32,249,837	8,062,459	22,848,300	5,712,075
AR	Southwestern Bell-Arkansas	898,814	3,984,924	$ 26.69	27,481,680	6,870,420	23,102,701	5,775,675	20,107,600	5,026,900
AZ	Mountain Bell-Arizona	2,389,011	2,417,928	$ 17.94	17,796,525	4,449,131	14,521,222	3,630,305	12,106,008	3,026,502
CA	Contel Of California-California	321,289	154,140	$ 35.13	32,588,630	8,147,158	29,590,277	7,397,569	27,076,627	6,769,157
CA	Gte Of California	3,806,227	-	$ 15.90	8,569,500	2,142,375	7,489,331	1,872,333	6,468,945	1,617,236
CA	Pacific Bell	16,006,055	-	$ 15.53	43,447,787	10,861,947	35,796,657	8,949,164	30,293,481	7,573,370
CA	Roseville Telephone Company	102,593	6,196,488	$ 17.52	-	6,196,488	-	6,196,488	-	6,196,488
CO	Mountain Bell-Colorado	2,384,889	2,505,660	$ 20.26	25,218,893	6,304,723	20,610,199	5,152,550	17,243,910	4,310,978
CT	Southern New England Tel	2,099,704	-	$ 19.03	1,864,688	466,172	1,012,960	253,240	474,617	118,654
DC	C And P Telephone Company Of Wa Dc	923,018	-	$ 11.80	-	-	-	-	-	-
DE	Diamond State Tel Co	500,823	-	$ 18.91	1,016,426	254,106	592,599	148,150	451,012	112,753
FL	Gte Floridainc	2,090,129	-	$ 17.06	2,260,730	565,183	1,754,716	438,679	1,354,784	338,696
FL	Southern Bell-Fl	5,761,947	-	$ 17.15	11,720,609	2,930,152	7,984,364	1,996,091	5,310,975	1,327,744
FL	Sprint-FL	1,812,228	-	$ 21.86	3,779,683	944,921	2,167,933	541,983	1,576,500	394,125
GA	Southern Bell-Ga	3,598,169	2,980,956	$ 21.09	29,237,141	7,309,285	19,709,157	4,927,289	13,802,889	3,450,722
HI	Gte Hawaiian Telephone Co Inc	613,082	-	$ 16.34	3,729,441	932,360	2,994,590	748,647	2,381,447	595,362
IA	Northwestern Bell-Ia	1,055,858	-	$ 20.75	10,175,725	2,543,931	7,911,265	1,977,816	6,079,757	1,519,939
ID	Mountain Bell-Idaho	472,339	-	$ 24.98	14,348,858	3,587,214	11,875,374	2,968,844	10,256,038	2,564,009
IL	Contel Of Illinois Inc Dba Gte - Illinois	180,217	-	$ 49.03	33,881,400	8,470,350	28,922,909	7,230,727	24,687,314	6,171,828
IL	Gte Of Illinois	625,893	-	$ 34.93	44,580,751	11,145,188	36,884,930	9,221,232	30,249,075	7,562,269
IL	Illinois Bell Tel Co	6,264,639	-	$ 15.64	11,284,077	2,821,019	9,154,435	2,288,609	7,400,003	1,850,001
IN	Contel Of Indiana Inc Dba Gte - Indiana	164,194	-	$ 45.50	19,637,596	4,909,399	15,343,856	3,835,964	12,076,190	3,019,047
IN	Gte Of Indiana	689,074	-	$ 26.65	21,440,242	5,360,061	17,054,426	4,263,607	13,406,073	3,351,518
IN	Indiana Bell Tel Co	1,871,463	-	$ 20.37	16,983,158	4,245,789	12,945,089	3,236,272	9,903,961	2,475,990
KS	Southwestern Bell-Kansas	1,239,765	-	$ 22.56	23,020,737	5,755,184	18,381,871	4,595,468	14,811,524	3,702,881
KY	Cincinnati Bell-Ky	181,349	-	$ 24.11	3,439,462	859,865	2,474,705	618,676	1,509,949	377,487
KY	Gte South Inc - Kentucky	416,296	664,404	$ 31.12	22,287,170	5,571,793	16,529,762	4,132,440	12,190,985	3,047,746
KY	South Central Bell-Ky	1,122,188	867,252	$ 29.25	48,291,648	12,072,912	35,729,863	8,932,466	25,490,649	6,372,662
LA	South Central Bell-La	2,130,620	-	$ 24.09	54,023,907	13,505,977	42,584,504	10,646,126	33,497,916	8,374,479
MA	New England Tel-Ma	4,109,503	-	$ 16.21	4,710,312	1,177,578	3,608,250	902,063	2,764,022	691,005
MD	C And P Tel Co Of Md	3,332,491	-	$ 17.87	10,153,603	2,538,401	6,864,356	1,716,089	4,625,725	1,156,431
ME	New England Tel-Maine	629,415	-	$ 29.54	24,726,199	6,181,550	18,724,633	4,681,158	14,654,055	3,663,514
MI	Gte North Inc-Mi	658,734	772,320	$ 37.63	43,800,153	10,950,038	31,420,542	7,855,136	21,899,045	5,474,761
MI	Michigan Bell Tel Co	4,932,029	-	$ 18.96	28,183,376	7,045,844	20,341,644	5,085,411	15,556,243	3,889,061
MN	Contel Of Minnesota Inc Dba Gte Minnesota	116,134	-	$ 64.64	38,441,805	9,610,451	34,158,142	8,539,536	30,328,086	7,582,021
MN	Northwestern Bell-Minnesota	2,103,813	-	$ 20.22	31,414,325	7,853,581	26,106,354	6,526,589	21,833,880	5,458,470
MO	Contel Missouri Dba Gte Missouri	234,135	2,503,020	$ 55.00	58,890,578	14,722,645	51,199,342	12,799,836	44,811,224	11,202,806
MO	Gte North Inc - Missouri	119,610	6,465,756	$ 38.49	14,198,591	6,465,756	12,064,848	6,465,756	10,020,397	6,465,756
MO	Southwestern Bell-Missouri	2,368,354	-	$ 21.17	38,121,728	9,530,432	31,202,093	7,800,523	25,402,109	6,350,527
MS	South Central Bell-Mississippi	1,224,211	7,339,776	$ 38.02	110,133,856	27,533,464	88,070,139	22,017,535	68,565,901	17,141,475
MT	Mountain Bell-Montana	336,539	1,762,620	$ 29.69	20,560,586	5,140,147	17,994,513	4,498,628	15,866,465	3,966,616
NC	Carolina Tel And Tel Co	1,045,627	-	$ 32.92	39,309,570	9,827,393	27,218,526	6,804,631	18,016,762	4,504,191
NC	Central Tel Co-Nc	245,861	-	$ 31.96	7,607,516	1,901,879	5,451,451	1,362,863	3,909,459	977,365
NC	Contel Of North Carolina Dba Gte No Carolina	126,022	4,430,112	$ 42.17	10,692,282	4,430,112	7,708,036	4,430,112	5,656,065	4,430,112

Table 4 - Support by Study Area based on Wirecenter Level Calculations and 25% Factor

State	Study Area	All Switched Lines	Current Support	Avg Monthly Cost per Line	25% Support Above 200% of Benchmark		25% Support Above 225% of Benchmark		25% Support Above 250% of Benchmark	
					Annual $ at 100%	Support incl. Hold Harmless	Annual $ at 100%	Support incl. Hold Harmless	Annual $ at 100%	Support incl. Hold Harmless
NC	Gte South Inc - North Carolina	188,843	40,596	$ 19.64	1,299,236	324,809	633,841	158,460	129,875	40,596
NC	North State Tel Co-Nc	111,211	2,469,732	$ 20.27	-	2,469,732	-	2,469,732	-	2,469,732
NC	Southern Bell-Nc	2,166,681	1,786,068	$ 21.29	11,509,094	2,877,274	7,193,375	1,798,344	4,569,136	1,786,068
ND	Northwestern Bell-North Dakota	243,342	-	$ 23.30	8,851,044	2,212,761	7,761,453	1,940,363	6,777,372	1,694,343
NE	Aliant	259,554	-	$ 31.49	24,816,466	6,204,117	22,213,134	5,553,284	19,795,237	4,948,809
NE	Northwestern Bell-Nebraska	518,839	-	$ 24.53	15,753,515	3,938,379	13,529,023	3,382,256	11,876,691	2,969,173
NH	New England Tel-Nh	708,389	-	$ 23.51	11,900,958	2,975,240	8,439,428	2,109,857	5,962,695	1,490,674
NJ	New Jersey Bell	5,623,659	-	$ 15.04	266,256	66,564	27,752	6,938	-	-
NM	Mountain Bell-New Mexico	742,394	4,603,776	$ 23.31	13,265,646	4,603,776	10,698,508	4,603,776	9,453,592	4,603,776
NV	Central Telephone Company - Nevada	730,274	-	$ 14.35	2,447,960	611,990	2,365,282	591,321	2,282,604	570,651
NV	Nevada Bell	308,886	-	$ 23.86	20,313,659	5,078,415	18,806,622	4,701,655	17,510,848	4,377,712
NY	New York Tel	10,765,482	-	$ 16.00	49,345,549	12,336,387	36,962,686	9,240,672	27,576,913	6,894,228
NY	Rochester Telephone Corp	527,349	-	$ 18.82	2,553,333	638,333	1,614,052	403,513	772,513	193,128
OH	Cincinnati Bell-Ohio	747,459	-	$ 17.28	496,667	124,167	340,397	85,099	282,017	70,504
OH	Gte North Inc-Oh	817,983	-	$ 36.16	50,822,116	12,705,529	38,056,137	9,514,034	28,115,282	7,028,820
OH	Ohio Bell Tel Co	3,776,240	-	$ 17.52	15,057,817	3,764,454	11,799,446	2,949,861	9,223,698	2,305,924
OH	United Tel Co Of Ohio	554,151	-	$ 31.73	22,257,521	5,564,380	16,102,101	4,025,525	11,143,047	2,785,762
OK	Gte Southwest Inc - Oklahoma	107,886	-	$ 34.23	8,401,738	2,100,434	6,762,832	1,690,708	5,513,273	1,378,318
OK	Southwestern Bell-Oklahoma	1,519,540	-	$ 24.42	37,896,882	9,474,220	30,969,667	7,742,417	25,745,248	6,436,312
OR	Gte Of The Northwest	430,850	-	$ 23.48	10,305,294	2,576,324	8,151,485	2,037,871	6,418,970	1,604,743
OR	Pacific Northwest Bell-Oregon	1,258,768	17,076	$ 19.64	9,360,210	2,340,052	6,982,939	1,745,735	5,401,549	1,350,387
PA	Bell Of Pennsylvania	5,842,150	-	$ 17.59	22,110,820	5,527,705	16,316,900	4,079,225	12,131,205	3,032,801
PA	Gte North Inc-Pa And Contel	502,560	-	$ 26.23	9,679,038	2,419,760	6,744,790	1,686,197	4,390,723	1,097,681
RI	New England Tel-Ri	624,292	-	$ 17.18	76,563	19,141	50,388	12,597	24,213	6,053
SC	Gte South Inc - South Carolina	175,291	-	$ 28.81	6,246,481	1,561,620	4,482,198	1,120,550	3,019,845	754,961
SC	Southern Bell-Sc	1,335,219	5,578,296	$ 24.55	10,962,135	5,578,296	6,614,407	5,578,296	4,096,940	5,578,296
SD	Northwestern Bell-South Dakota	262,654	-	$ 26.50	11,415,119	2,853,780	10,234,091	2,558,523	9,273,908	2,318,477
TN	South Central Bell-Tn	2,470,701	-	$ 24.74	41,344,076	10,336,019	29,384,572	7,346,143	20,856,538	5,214,135
TN	United Inter-Mountain Tel Co-Tn	232,393	-	$ 26.46	3,015,453	753,863	1,811,887	452,972	973,073	243,268
TX	Central Telephone Company Of Texas	185,248	5,150,976	$ 30.46	14,935,536	5,150,976	13,367,143	5,150,976	12,091,189	5,150,976
TX	Contel Of Texas Inc Dba Gte Texas	223,812	495,768	$ 63.49	73,283,585	18,320,896	64,876,187	16,219,047	57,613,507	14,403,377
TX	Gte Southwest Inc - Texas	1,506,518	-	$ 26.55	70,403,390	17,600,848	60,670,767	15,167,692	52,397,562	13,099,391
TX	Southwestern Bell-Texas	8,528,179	-	$ 18.96	68,340,061	17,085,015	50,713,739	12,678,435	39,954,112	9,988,528
UT	Mountain Bell-Utah	981,536	-	$ 18.50	7,565,880	1,891,470	6,447,093	1,611,773	5,632,555	1,408,139
VA	C And P Tel Co Of Va	3,174,231	-	$ 19.13	45,687,284	11,421,821	35,792,536	8,948,134	27,614,100	6,903,525
VA	Central Tel Co Of Va	263,787	1,263,000	$ 42.02	32,318,616	8,079,654	26,904,121	6,726,030	22,099,121	5,524,780
VA	Contel Of Virginia Inc Dba Gte Virginia	483,713	-	$ 32.46	36,208,649	9,052,162	29,147,855	7,286,964	23,443,067	5,860,767
VA	United Inter-Mountain Tel Co-Va	100,166	-	$ 44.95	12,926,679	3,231,670	10,413,750	2,603,438	8,297,773	2,074,443
VT	New England Tel-Vt	313,359	1,454,568	$ 31.19	18,447,264	4,611,816	14,813,179	3,703,295	11,450,076	2,862,519
WA	Gte Northwest Inc - Washington	677,548	-	$ 21.78	13,043,067	3,260,767	11,208,915	2,802,229	9,721,915	2,430,479
WA	Pacific Northwest Bell-Washington	2,250,796	-	$ 18.29	13,098,246	3,274,562	9,465,533	2,366,383	7,188,836	1,797,209
WI	Gte North Inc-Wi	456,649	0	$ 44.21	52,765,375	13,191,344	40,430,100	10,107,525	30,400,916	7,600,229
WI	Wisconsin Bell	2,005,228	-	$ 18.73	4,140,018	1,035,005	2,890,075	722,519	2,108,776	527,194
WV	C And P Tel Co Of W Va	773,859	1,673,112	$ 33.92	48,877,234	12,219,308	37,355,129	9,338,782	27,946,281	6,986,570
WY	Mountain Bell-Wyoming	225,950	4,445,856	$ 33.28	11,576,670	4,445,856	10,082,089	4,445,856	8,990,783	4,445,856
	Average/Total	149,084,110	83,483,016	20.06	2,051,778,883	535,751,345	1,626,299,244	433,890,407	1,300,103,574	356,200,169